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August 29, 2001

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Honorable Philip N. Asprodites  
Commissioner of Conservation  
State of Louisiana  
Post Office Box 94275  
Baton Rouge, Louisiana 70804-9275

RE: HEARING APPLICATION  
James Lime Formation, Reservoir A  
James Formation, Reservoir C  
Benson Field  
DeSoto Parish, Louisiana  
Our File No. 370306.0011

Dear Sir:

On behalf of PINNACLE OPERATING COMPANY, INC., application is hereby made for a public hearing to receive evidence concerning the issuance of an order pertaining to the following matters relating to the James Lime Formation, Reservoir A, and the James Formation, Reservoir C, in the Benson Field, DeSoto Parish, Louisiana:

1. To dissolve the drilling and production units designated as JL RA SUG, JL RA SUGG and JL RA SUL, which were created by the Office of Conservation 496-D Series of Orders for the James Lime Formation, Reservoir A, in the Benson Field, DeSoto Parish, Louisiana.
2. Simultaneously with the dissolution of the abovesaid units, to create four (4) additional drilling and production units (to be designated as James RC SUH through James RC SUK) for the exploration for and production of gas and condensate from horizontal wells drilled to the James Formation, Reservoir C, in the Benson Field, DeSoto Parish, Louisiana, as shown on the plat attached hereto.
3. To force pool and integrate all separately owned tracts, mineral leases, and other property interests within each of the proposed units, with each tract sharing in unit production on a surface acreage basis of participation.

4. To designate an operator and a unit well for certain of the units to be created hereby.
5. Except to the extent inconsistent herewith, to provide that the provisions of Office of Conservation Order No. 496-D-7, effective August 8, 2000 shall apply to the units created herein.
6. To provide that the existing units for the James Lime Formation, Reservoir A, in the Benson Field, DeSoto Parish, Louisiana, which are designated as JL RA SUE, JL RA SUF, JL RA SUH, JL RA SUHH and JL RA SUK, shall remain in force and effect with respect only to exploration and production from vertically drilled wells within said units and such units shall not apply to any future horizontal wells drilled to the James Formation, Reservoir C, within the units to be hereby created.
7. To consider such other matters as may be appropriate and justified by the evidence presented at the hearing.

The James Lime Formation, Reservoir A, and the James Formation, Reservoir C, in the Benson Field, DeSoto Parish, Louisiana, were fully defined in Office of Conservation Order No. 496-D, effective April 1, 1980.

Pertinent data regarding this application will be available for inspection at the offices of Long Petroleum, L.L.C., 400 Texas Street, Suite 800, Shreveport, Louisiana 71101. Any person wishing to inspect such data should call Mr. David Benscoter at (318) 221-3516, during normal business hours, or write Mr. Benscoter at the above address, in order to arrange a time and date for such inspection. Copies of such pertinent data can be obtained at the expense of the requesting party.

A list of the names and addresses of all Interested Owners, Represented Parties and Interested Parties (as defined in the Rules of Procedure) is attached and a copy of this application, with the annexed plat, is being sent to each of such persons. A reasonable effort has been made to determine that the enclosed list includes all of the persons required by the Rules of Procedure. The Applicant will also arrange for mailing, posting and publication of the legal notice of this hearing in accordance with the Rules of Procedure.

By Pre-Application Notice dated May 4, 2001, applicant advised the Commissioner of Conservation, the District Manager and all Interested Owners, Represented Parties and Interested Parties of applicant's intention to apply for the hearing which is the subject of this application. Applicant received a request for a conference, and accordingly, a Pre-Application Conference was held on August 15, 2001 at 10:a.m. in the Offices of Blanchard, Walker, O'Quin & Roberts and a copy of the Attendance List is attached hereto. Representatives of Ettco expressed opposition to the Applicant's proposal with respect to Sections 11 and 14, Township 10 North, Range 14 West. No counterplans were filed. Following a general discussion, the conference was adjourned. In an effort to resolve any current dispute with Ettco and to give the parties additional time to try to resolve their

Commissioner of Conservation

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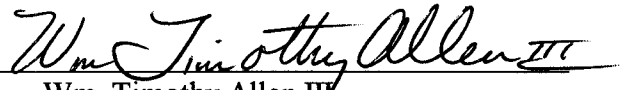
differences, Applicant has revised its proposal to exclude Sections 11 and 14, Township 10 North, Range 14 West and has deleted the proposed James RC SUL and James RC SUM from its application. A revised unit plat is attached hereto.

A check in the amount of \$700.00 made payable to the Commissioner of Conservation is enclosed herewith as the statutory fee for holding the requested hearing.

This application is being filed in duplicate, and a copy hereof is being sent to Mr. James C. Broussard, Shreveport District Manager of the Office of Conservation, and to each Interested Owner, Represented Party and Interested Party whose name is shown on the attached list.

Very truly yours,

BLANCHARD, WALKER, O'QUIN & ROBERTS

By:   
Wm. Timothy Allen III

ATTORNEYS FOR PINNACLE OPERATING  
COMPANY, INC.

WTAM:bp  
Enclosures

cc: Mr. James C. Broussard, Shreveport District Manager  
Office of Conservation (w/enclosures)  
cc: Interested Owners, Represented Parties  
and Interested Parties (w/copy of revised plat only)

14W

13W

